INDIGO PRIVATE CREDIT FUND, L.P.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Partners of
Indigo Private Credit Fund, L.P.

We have audited the accompanying financial statements of Indigo Private Credit Fund, L.P. (the "Partnership"), which comprise the consolidated statement of financial condition, including the consolidated condensed schedule of investments as of December 31, 2020 and the related consolidated statements of operations, changes in partners' capital and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Partnership's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Indigo Private Credit Fund, L.P. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Spicer Jeffries LLP

Denver, Colorado
April 28, 2021

INDIGO PRIVATE CREDIT FUND, L.P.

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2020

Assets		
Investments (cost $20,372,075)	$	20,229,274
Cash		93,730
Interest receivable		976,812
Prepaid servicing fees		136,012
Prepaid credit facility fees		120,802
Prepaid expenses		51,681
Due from Borrower		204,539
Loan Premium		164,662
Total Assets	$	21,977,512
Liabilities		
Credit Facility		15,945,597
Interest Payable		47,553
Accounts payable and accrued expenses		37,925
Due To Borrower		68,570
Partner Distributions		2,813
Total liabilities		16,102,458
Partners' Capital		5,875,055
Total Liabilities and Partners' Capital	$	21,977,512

See accompanying notes to financial statements.

INDIGO PRIVATE CREDIT FUND, L.P.

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS

December 31, 2020

	Unpaid Principal Balance	Percentage of Partners' Capital	Investment Value
Investments, at investment value			
Performing Loans, at fair value			
United States			
Peak Oil Holdings, LLC	$ 3,939,767	68.1 %	$ 4,000,000
SLF - KC Towers, LLC - Lien 2	2,000,000	34.0 %	2,000,000
3510 N Broadway	900,231	15.3 %	900,231
2927 Market St BCB, LLC	1,006,547	17.1 %	1,006,547
Harry R. Dodge	905,000	15.4 %	905,000
HIGHNET LLC	2,871,928	48.9 %	2,871,928
15319 Wyandotte Street LLC	1,019,496	17.4 %	1,019,496
Total performing loans (cost $12,642,969)		216	12,703,202
Non Performing Loans			
Coda Holdings, LLC	$ 150,000	- %	-
Total Non Performing loans (cost $150,000)		-	-
Leases, (Note 4)			
United States			
Charles Deweese Construction, Inc.		3.9	232,025
DHA: Package One		17.4	1,021,352
PWSC		2.3	133,152
STL Truckers		14.8	872,432
Clear Align, LLC		29.1	1,708,245
CS America, Inc.		8.4	493,905
Royal Express, Inc.		17.8	1,043,376
Metal Services, LLC		26.4	1,548,104
Shadow Systems, LLC		8.1	473,481
Total lease (cost $7,579,106)		128.2	7,526,072
Total Investments (cost $20,372,075)		344.4 %	$ 20,229,274

See accompanying notes to financial statements.

INDIGO PRIVATE CREDIT FUND, L.P.

CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2020		
Investment income		
Income from leases	$	968,540
Interest income from loans		1,187,609
Other income		28,599
Total investment income		2,184,748
Expenses		
Management fee		61,000
Interest expense		554,965
Servicing fees		391,959
Professional fees		173,135
Credit facility fees		221,798
Line fee		151,948
Other expenses		51,910
Total expenses		1,606,715
Net investment gain		578,033
Realized and unrealized gain (loss) on investments		
Net realized Loss on loans		(147,978)
Net realized Loss on leases		(685,817)
Net realized gain(loss)		(833,795)
Net change in unrealized loss on loans		(150,000)
Net change in unrealized Gain on leases		512,651
Net change in unrealized gain(loss)		362,651
Net loss on investments		(471,144)
Net Gain	$	106,890

See accompanying notes to financial statements.

INDIGO PRIVATE CREDIT FUND, L.P.

CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' CAPITAL

December 31, 2020

	General Partner	Limited Partners	Total
Partners' capital, beginning of the year	$ 225,525	$ 5,851,390	$ 6,076,915
Capital contributions	-	-	-
Capital distribution	(11,250)	(297,500)	(308,750)
Allocation of net Gain	6,118	100,772	106,890
Partners' capital, end of year	$ 220,393	$ 5,654,662	$ 5,875,055

See accompanying notes to financial statements.

INDIGO PRIVATE CREDIT FUND, L.P.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2020

Cash flows from operating activities		
Net Gain / (Loss)	$	106,890
Adjustments to reconcile net gain to net cash used by operating activities		
Net realized loss on securities		833,795
Net change in unrealized appreciation on investments		(362,651)
Purchases and capitalized costs		(15,078,889)
Sales and proceeds from repayments		15,271,122
Credit facility fees		221,798
Changes in operating assets and liabilities:		
Interest receivable		(578,252)
Prepaid servicing fees		52,032
Prepaid credit facility fees		(25,788)
Prepaid expenses		(6,831)
Due from borrower		(69,553)
Loan Premium		(164,662)
Interest Payable		(8,057)
Accounts payable and accrued expenses		1,407
Due to affiliates		(55,525)
Due to borrower		(144,228)
Net cash used by operating activities		(7,392)
Cash flows used by financing activities		
Capital distributions, net of change in distributions payable		(305,937)
Borrowings under credit facility		250,435
Net cash used by financing activities		(55,502)
Net change in cash		(62,894)
Cash, beginning of year		156,624
Cash, end of year	$	93,730
Supplemental Information		
Cash paid during the year for interest	$	554,965

See accompanying notes to financial statements.

1. GENERAL

Indigo Private Credit Fund, L.P. and subsidiary, formerly known as Indigo Opportunities Fund II, L.P., collectively (the “Partnership”), is a limited partnership formed under the laws of the State of Delaware and commenced operations on January 1, 2018. Capitalized terms used, but not defined herein, shall have the meaning assigned to them in the Amended and Restated Limited Partnership Agreement (the “Agreement”). The Partnership had its initial closing on January 1, 2018 with a limited partner that is affiliated with the General Partner. The final closing date can occur up to 12 months after the initial closing date on which the first limited partner that is not affiliated with the General Partner entered the Partnership (August 1, 2018) and can be extended for an additional six (6) months. The Partnership will terminate five years from the final closing date and can be extended by the General Partner for up to one additional year.

The primary purpose of the Partnership is capital appreciation obtained primarily through the creation or acquisition of secured and/or collateralized loans, performing loans and leases, that generate consistent absolute returns primarily through coupon payments on loans, cash flow on leases, asset liquidations, and interest paid by borrowers.

Indigo Global Advisors, LLC is a Delaware limited liability company (the “Investment Manager”) that provides investment advisory services to the Partnership. IGI Partners II, LLC is a Delaware limited liability company (the “General Partner”) that has responsibility for the actions of the business and can legally bind the business.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”). The Partnership is an investment company and follows the accounting and reporting guidance in Financial Accounting Standards Board Accounting Standards Codification “ASC” Topic 946.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Indigo Private Credit Fund, L.P. and IOFII Equity Holdings I, LLC (the “SPV”). The SPV is structured as a limited liability company and is wholly owned by the Partnership.

The Partnership consolidates entities that are not variable interest entities (VIEs) when it has a controlling financial interest as a result of majority voting control and it is not required to measure the entities at fair value in accordance with Topic 946. The Partnership has consolidated the accounts of its wholly owned and controlled subsidiary, which is not a VIE. The SPV is an investment company wholly owned by the Partnership, established for the general purpose of executing specific investment transactions on behalf of the Partnership. All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

INDIGO PRIVATE CREDIT FUND, L.P.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

All investments are carried at fair value. Fair value is defined as the price that would be received to sell an asset or would be paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

A three-level hierarchy was established for fair value measurements that distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs) and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The hierarchy level assigned to each security in the Partnership is based on the assessment of the transparency and reliability of the inputs used in the valuation of such security at the measurement date. The three hierarchy levels are defined below:

- Level 1 – Valuations based on unadjusted quoted market prices in active markets for identical securities.
- Level 2 – Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgment.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including, without limitation, the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the General Partner in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the General Partner's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The General Partner uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

INDIGO PRIVATE CREDIT FUND, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Valuation

The valuation process for performing loans and leases uses industry standard valuation methodologies that are based on the income approach. This methodology uses various factors, including cash flows, interest rates and other terms, discount rates, credit quality, recent offers to purchase, the sale of an underlying asset or other liquidation events. Discount rates applied to estimated cash flows for an underlying asset vary by specific investment, industry, location and nature of the asset.

Cash

The Partnership places its cash with financial institutions and, at certain times, cash held in such accounts may exceed the Federal Deposit Insurance Corporation insured limit.

Income Taxes

In accordance with federal income tax regulations, income taxes are not levied on a partnership, but rather on the individual partners. Additionally, due to the nature of the Partnership's activities and its organization as a limited partnership, state income taxes are not imposed on the Partnership. Consequently, federal and state income taxes have not been reflected in the accompanying consolidated financial statements.

The Partnership applies the provisions of ASC 740, Income Taxes, which clarifies the accounting and disclosure for uncertainty in tax positions. The Partnership analyzed its tax filing positions in the federal, state and foreign tax jurisdictions where it is required to file income tax returns as for all open tax years in these jurisdictions. Based on this review, no liabilities for uncertain income tax positions were required to have been recorded pursuant to ASC 740.

The Partnership recognizes accrued interest and penalties related to uncertain tax positions in operating expenses in the statement of operations. As of December 31, 2020, the Partnership did not have a liability recorded for payment of interest and penalties associated with uncertain tax positions.

The Partnership files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Partnership is subject to examination by federal and certain state, local and foreign tax regulators. The Partnership's U.S. federal income tax return and state and local returns for the 2020 tax year is open under the normal three-year statute of limitations and therefore subject to examination.

The Partnership does not believe that it has any tax positions for which it is reasonably possible that it will be required to record significant amounts of unrecognized tax benefits within the next twelve months.

Investment Transactions

The Partnership's investments in performing loans and leases are accounted for on a trade date basis. Realized gains and losses are reported on the basis of identified cost of investments sold. Deal costs incurred in connection with the purchase of the loans or leases are capitalized to the cost of the investments.

INDIGO PRIVATE CREDIT FUND, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest and Lease Income

Interest income is recorded on an accrual basis to the extent that such amounts are expected to be collected. Lease payments received are allocated between principal and lease income based on interest rate of the leases. Lease payments received from leases that include assignment of property are recognized in income as earned.

Expenses

Expenses are recorded on the accrual basis as incurred. The Partnership shall bear and be charged with all costs, fees and expenses of the Partnership's operations. Credit facility fees incurred in connection with obtaining the line of credit are amortized ratably over the term of the line.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of actual and contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income or loss and expenses during the reporting period. Actual results could differ from those estimates.

3. FAIR VALUE MEASUREMENTS

The following table presents the classification of the Partnership's fair value measurements as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Investments, at Fair Value				
Performing Loan	$ -	$ -	$ 12,703,202	$ 12,703,202
	$ -	$ -	$ 12,703,202	$ 12,703,202

The following table presents changes in Level 3 investments for the year ended December 31, 2020:

Investments	Balance, January 1, 2020	Purchases and capitalized costs	Sales, maturities and repayments	Transfers	Accretion	Realized gain (loss)	Net change in unrealized appreciation	Balance, December 31, 2020
Performing Loan	$ 8,688,167	$ 13,024,667	$ (8,861,652)	$ -	$ -	$ (147,978)	$ -	$ 12,703,202
Non Performing Loan	$ -	$ 150,000	$ -	$ -	$ -	$ -	$ (150,000)	$ -
	$ 8,688,167	$ 13,174,667	$ (8,861,652)	$ -	$ -	$ (147,978)	$ (150,000)	$ 12,703,202

3. FAIR VALUE MEASUREMENTS (continued)

The change in unrealized loss on Level 3 investments for the year ended December 31, 2020 and for investments still held as of December 31, 2020 was $150,000 which is included in net loss on investments in the consolidated statement of operations.

The Partnership's policy is to recognize transfers in and transfers of the levels out as of the beginning of the year. For the year ended December 31, 2020 there were no transfers between levels.

Performing loans of $12,703,202 are valued at the outstanding principal balance of the loan which approximates fair value.

4. LEASES

The Partnership uses the direct finance method of accounting to record leases and related interest income. At inception of a lease, the Partnership records as an asset, the aggregate future minimum lease payments receivable, plus the estimated residual value of the leased equipment, if any. Residual values are established at lease inception based on our estimate of the expected fair value of the equipment at the end of the lease term. Estimates are based on industry data, management's experience, and historical performance.

Future minimum lease payments receivable for direct financing leases as of December 31, 2020 were as follows:

Year	Leases
2021	$ 3,167,478
2022	2,242,991
2023	1,375,851
2024	457,813
2025	281,939
Thereafter	-
	$ 7,526,072

5. PARTNERSHIP CAPITAL

Contributions

The total committed capital of the Partnership is $6,175,000 of which, $6,175,000 has been fully called as of December 31, 2020.

The General Partner is authorized to make drawdowns of capital contributions from time to time prior to the expiration of the Investment Period, for purposes of making investments and to the extent necessary to cover the expenses and liabilities of the Partnership. In addition, the General Partner may recall previously called and distributed capital subject to the limitation that it shall not exceed 20% of a partner's committed capital prior to the expiration of the Investment Period. The liability of the limited partners is limited to the extent of their capital balance in the Partnership.

INDIGO PRIVATE CREDIT FUND, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. PARTNERSHIP CAPITAL (continued)

Distributions

Distributions shall be preliminarily allocated between the Partners pro-rata in proportion to their respective capital contributions made to acquire an investment that gives rise to the distribution proceeds. After such preliminary allocation the General Partner's allocation shall be distributed to the General Partner and the Limited Partner's allocation shall be distributed to the Limited Partner (i) first, an amount equal to its cumulative capital contributions, (ii) second, a cumulative preferred return of 8% per annum to such partners, (iii) third, 100% to the General Partner until the General Partner has received an amount equal to 20% of the preferred return distributions of the Limited Partners; and (iv) thereafter, 20% to the General Partner and 80% to such Limited Partners. Partners may not voluntarily withdraw any amount from the Partnership or cause its interest to be withdrawn.

The General Partner may, at its sole discretion, make distributions of cash and/or marketable securities to the partners to provide them with Partnerships to pay applicable Federal, state, and local income tax liabilities attributable to Partnership income.

Additionally, the Agreement contains a provision, which allows the Partnership to recover all or a portion of the carried interest payments previously distributed to the General Partner to the extent that at the time of the wind-up of the Partnership the cumulative carried interest distributions exceed the amount allowable under the distribution terms of the Agreement. As of December 31, 2020, based on the results of operations since inception and the financial position of the Partnership, no carried interest has been allocated to the General Partner.

6. RELATED PARTY TRANSACTIONS

The Partnership will pay to the General Partner or an Affiliate of the General Partner designated by the General Partner a management fee (the "Management Fee") for the services to be provided under the terms of the Agreement. The Management Fee shall be calculated separately for each Limited Partner.

Certain limited partners are related parties of the General Partner. The aggregate value of limited partners' capital owned by related parties at December 31, 2020 is approximately $5,446,749

Prior to being fully called and the expiration of the subscription period, a Limited Partner will pay a Management fee of 2.0% per annum for capital contributions.

After the earlier of being fully called and the expiration of the subscription period, a Limited Partner will pay a Management Fee of 2.0% per annum of its Invested Amount. The Invested Amount shall equal the aggregate cost of a Portfolio Investment (unless the Portfolio Investment has been completely written-off) or the aggregate fair market value if a Portfolio Investment is less than the aggregate cost of such Portfolio Investment. If either of these situations exist, the amount used to calculate the Management fee will be either zero or the fair value. The Partnership incurred $61,000 in management fees for the year ended December 31, 2020.

6. RELATED PARTY TRANSACTIONS (continued)

Indigo Investment Servicing, LLC (the “Servicer”) serves as the servicer of loans purchased by the Partnership. Once a loan purchase or a new loan origination is completed by the Partnership, the Servicer may charge a monthly loan servicing fee that the Partnership pays the Servicer at the beginning of each calendar month equal to .0833% (1% per annum) of the principal balance of the loan (or property values where the investment has been foreclosed) held by the Partnership as of the first business day of the calendar month and any asset management fee and loan-collateral handling costs that the Servicer incurred during the immediately preceding calendar month. The Partnership incurred $391,959 of servicing fees for the year ended December 31, 2020 that are included in servicing fees in the consolidated statement of operations.

Indigo Direct Lending, LLC (“IDL”), a related party, is the loan originator for certain loans acquired by the Partnership. IDL received no loan origination from the borrower and $785,507 in deal fees from the Partnership on the loans acquired by the Partnership. The fees paid by the Partnership are capitalized in the cost of the investments.

7. MARKET AND OTHER RISK FACTORS

Market Risk

Due to the nature of the Partnership’s strategy, the Partnership’s portfolio consists of investments having significant market and credit risk. As a result, the Partnership is subject to market and other risk factors, including, but not limited to the following:

The market price of investments may significantly fluctuate during the period of investment. Investments may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of an investment may decline due to general market conditions which are not specifically related to such investments, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions with an industry.

Concentration of Investments

The Investment Manager’s investment program may result in a focused investment portfolio, both in terms of the aggregate number of investment positions to be held in the Partnership’s portfolio and, potentially, the number of sectors or industries to which such positions relate. Such concentration of the Partnership’s portfolio would subject the Partnership to a greater degree of risk with respect to the failure of one or a few investments, or with respect to economic downturns in relation to an individual industry, borrower, region or property type.

7. MARKET AND OTHER RISK FACTORS (continued)

Credit Risk

While loans and leases acquired by the Partnership are intended to be collateralized, the Partnership may be exposed to losses resulting from default and foreclosure. Therefore, the value of the underlying collateral, the creditworthiness of the borrower and the priority of the lien are all of great importance. The Partnership cannot guarantee the adequacy of the protection of the Partnership's interests, including the validity or enforceability of the loan or lease and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, the Partnership cannot assure that claims may not be asserted that might interfere with enforcement of the Partnership's rights. In the event of a foreclosure, the Partnership or an affiliate of the Partnership may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan or lease, resulting in a loss to the Partnership. Any costs or delays involved in the effectuation of a foreclosure of the loan or lease or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

There are no restrictions on the credit quality of the investments in which the Partnership intends to invest. Investments may be deemed by nationally recognized rating agencies to have substantial vulnerability to default in payment of interest and/or principal. Some investments may have low quality ratings or be unrated. Lower rated and unrated investments have major risk exposure to adverse conditions and are considered to be predominantly speculative. Generally, such investments offer a higher return potential than higher rated investments, but involve greater volatility of price and greater risk of loss of income and principal.

In general, the ratings of nationally recognized rating organizations represent the opinions of these agencies as to the quality of the securities they rate. Such ratings, however, are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of the relevant securities. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events. The General Partner may use these ratings as initial criteria for the selection of portfolio assets for the Partnership but is not required to utilize them.

Limited Liquidity of Investments

The Partnership intends to invest in investments that are not readily marketable. Illiquid investments may trade at a discount from comparable, more liquid investments, and at times there may be no market at all for such investments. Subordinate investments may be less marketable, or in some instances illiquid, because of the absence of registration under federal securities laws, contractual restrictions on transfer, the small size of the market and the small size of the issue (relative to issues of comparable interests). As a result, the Partnership may encounter difficulty in selling its investments.

7. MARKET AND OTHER RISK FACTORS (continued)

Counterparty Risk

Some of the markets in which the Partnership may affect its transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of exchange-based markets. This exposes the Partnership to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the applicable contract (whether or not such dispute is valid) or because of a credit or liquidity problem, causing the Partnership to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Partnership has concentrated its transactions with a single or small group of counterparties.

Portfolio Valuation

Valuations of the Partnership’s portfolio, which can affect the amount of the Management Fee and the Carried Interest, involve significant uncertainties and determinations based on judgments. Because of the inherent uncertainty of valuing investments not traded on public exchanges, such as the portfolio loans and leases that are expected to constitute the large majority of the Partnership’s portfolio, the valuation may differ significantly from the value that will ultimately be realized on such investments, or the value that would have been used had a public market for the investment existed, and these differences could be material. Even third-party pricing information may at times not be available regarding certain investments. In addition, material events occurring after the close of a secondary market upon which a portion of the investments of the Partnership are traded may require the Investment Manager to make a determination of the effect of a material event on the value of the investments traded on the market for purposes of determining the value of the Partnership’s investments on a valuation date. Further, because of the overall size and concentrations in particular markets and maturities of positions that may be held by the Partnership from time to time, the liquidation values of the Partnership’s securities and other investments may differ significantly from the interim valuations of these investments derived from the valuation methods described herein. If the Partnership’s valuation should prove to be incorrect, the fair value of the Partnership’s investments could be materially and adversely affected.

Reliance upon the Investment Manager

The success of the Partnership depends on the ability of Indigo Global Advisors, LLC, as Investment Manager to develop and implement investment strategies to achieve the Partnership’s investment objectives. The Partnership’s investment performance could be materially and adversely affected if the Investment Manager were to cease to be involved in the active management of the business. The Investment Manager’s staff devotes a substantial amount, but not all, of their time to managing the Partnership’s portfolio. They may devote some of their time to other investment activities. Limited Partners have no right or power to take part in the Partnership’s management. Except under specified circumstances, if the Investment Manager ceases to perform assigned duties, is dissolved, or becomes insolvent, the Partnership will be dissolved.

INDIGO PRIVATE CREDIT FUND, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. MARKET AND OTHER RISK FACTORS (continued)

Operating Deficits

The costs of operating the Partnership (including fees payable to the Investment Manager and the General Partner and organizational costs and expenses) could exceed the Partnership's income. The fees the Partnership pays may be higher than those charged to other private investment funds. If the costs exceed its income, the difference must be paid out of the Partnership's capital, reducing the Partnership's investments and potential for profitability.

8. CREDIT FACILITY

The Partnership entered into a $20 million credit facility with Alostar Capital Finance that matures July 30, 2021. Interest is paid monthly and is calculated as LIBOR plus 3.5% of the outstanding principal balance. The interest rate as of December 31, 2020 was 3.64%. The Partnership also pays 0.25% unused line fee. The amount outstanding on the credit facility as of December 31, 2020 was $15,945,597. The credit facility requires maintenance of defined covenants and is secured by the performing loans and leases of the Partnership.

9. FINANCIAL HIGHLIGHTS

The information presented below represents the financial highlights applicable to the Partnership for the period ending December 31, 2020.

Operating Performance:	
Intenal rate of return (since commencement of operations)	**2.50%**
Ratios to Average Net Assets:	
Expenses	**27.26%**
Net Investment Income	**9.81%**

The internal rate of return calculation presented above takes into consideration the actual capital distributions made by the Partnership since the date of inception in the period in which the distributions occur. Additionally, the Partnership assumes that the equity of the Partnership is distributed as of the end of the current period. The net investment income ratio excludes realized and change in unrealized gain/(losses).

10. SUBSEQUENT EVENTS

The Partnership has performed an evaluation of subsequent events through April 28, 2021, which is the date the financial statements were available to be issued. The evaluation did not result in any subsequent events that required disclosures and/or adjustments except as disclosed below.